

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE PROPERTY TAXATION OF ROYALTIES PAID OR APPORTIONED IN KIND ON THE PRODUCTION OF BENTONITE; IMPOSING A 15 PERCENT TAX ON THE VALUE OF ROYALTIES PAID OR APPORTIONED IN KIND ON BENTONITE PRODUCTION; PROHIBITING THE ASSESSMENT OF MILL LEVIES ON BENTONITE ROYALTIES; PROVIDING FOR THE DISTRIBUTION OF TAXES ON BENTONITE ROYALTIES; AMENDING SECTION 15-23-507, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Taxation of bentonite royalties.** (1) All royalties paid or apportioned in kind to royalty holders during the year by a person engaged in the mining of bentonite are taxed at 15% of the amount paid or apportioned in kind to the royalty holder. For the purposes of preparing a royalty assessment tax roll and for the payment of royalty taxes under this section, the provisions of 15-23-507 apply. However, the department may not levy or assess any mills against the reported royalty payments. The department shall report to the county treasurer the amount of tax due from each royalty holder.

(2) The county treasurer shall distribute all taxes collected under this section in the relative proportions required by the levies for state, county, and school district purposes and to any other taxing jurisdiction entitled to a distribution.

Section 2. Section 15-23-507, MCA, is amended to read:

"15-23-507. Taxation and payment on royalty interests. At the time of computing net proceeds assessments, the department shall also determine the royalty lists or schedules for each county in which the mines and mining claims are located. The department shall prepare from the net proceeds and, subject to the provisions of [section 1], royalty assessments a tax roll that must be furnished to the county treasurer on or before the following September 15. Upon furnishing the tax roll, the taxes are due and payable. Assessments of royalty on production of metals and minerals other than ~~petroleum oil, and~~ natural gas, and bentonite must be entered by the department in the property tax record in the name of the recipient or owner of the royalty. A

1 separate record must be entered by the department in the name of the recipient or owner of the royalty from
2 bentonite production. The county treasurer shall give full notice of the assessment to the recipient or royalty
3 owner and shall collect the taxes in the same manner as taxes on net proceeds of mines. Taxes on the royalty
4 assessments and taxes on net proceeds of mines are payable at the times specified in 15-16-102, and any
5 delinquencies in the payment are subject to the interest and penalties provided in 15-16-102."

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7 NEW SECTION. **Section 3. Codification instruction.** [Section 1] is intended to be codified as an
8 integral part of Title 15, chapter 23, part 5, and the provisions of Title 15, chapter 23, part 5, apply to [section 1].

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10 NEW SECTION. **Section 4. Effective date.** [This act] is effective on passage and approval.

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12 NEW SECTION. **Section 5. Retroactive applicability.** [This act] applies retroactively, within the
13 meaning of 1-2-109, to royalties paid or apportioned in kind for bentonite production occurring after December
14 31, 2004.

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